

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:FIP:B5

PLR-152928-07

March 26, 2008

Corporation =

Date 1 =

Organization 1 Bonds =

Organization 2 Bonds =

Dear :

This is in reply to Corporation's request that the revocation of PLR 200403095 (September 30, 2003) by PLR 200805019 (October 29, 2007) be applied prospectively only, in accordance with § 7805(b) of the Internal Revenue Code. The purpose of this letter is to inform you that Corporation is granted relief under § 7805(b) and that the revocation of PLR 200403095 by PLR 200805019 will apply to Corporation without retroactive effect until Date 1.

Letter Ruling 200403095 granted the Corporation the ability under § 1.148-4(a) of the Income Tax Regulations, to compute single yields on the Organization 1 Bonds and the Organization 2 Bonds, respectively, for purposes of section 148 of the Internal Revenue Code. After issuing that letter, the Treasury and the Internal Revenue Service determined that the provision in § 1.148-4(a) granting the Secretary authority to permit single yield computations should be eliminated because in its current form it does not have sufficient safeguards against transactions that are inconsistent with section 148. See, Notice of Proposed Rulemaking and Notice of Public Hearing, 72 FR 54606-01, September 26, 2007. Consistent with that decision, PLR 200805019 was issued retroactively revoking PLR 200403095 as of September 30, 2003, PLR 200403095's date of issue, and inviting the Corporation to submit a request to limit the retroactive effect of the revocation. The Corporation submitted its § 7805(b) request in December of 2007.

Section 7805(b)(8) provides that the Secretary may prescribe the extent, if any, to which any ruling (including any judicial decision or any administrative determination other than by regulation) relating to the internal revenue laws shall be applied without retroactive effect.

Section 601.201(l)(5) of the Statement of Procedural Rules provides that except in rare or unusual circumstances, the revocation of a private letter ruling will generally not be applied retroactively to the taxpayer to whom the letter ruling was issued if (i) there has been no misstatement or omission of material facts; (ii) the facts subsequently developed are not materially different than those on which the ruling was based; (iii) there has been no change in the applicable law; (iv) the ruling was originally issued with respect to a prospective or proposed transaction; and (v) the taxpayer directly involved in the letter ruling acted in good faith in relying on the letter ruling, and revoking the letter ruling retroactively would be to the taxpayer's detriment.

Similarly, Section 11.06 of Rev. Proc 2008-1, 2008-1 I.R.B. 1, provides that where the revocation or modification of a letter ruling is for reasons other than a change of facts, such revocation or modification will generally not be applied retroactively to the taxpayer for whom the letter ruling was issued provided that: (1) there has been no change in the applicable law; (2) the letter ruling was originally issued for a proposed transaction; and (3) the taxpayer directly involved in the letter ruling acted in good faith in relying on the letter ruling, and revoking or modifying the letter ruling retroactively would be to the taxpayer's detriment.

Under § 601.201(7), if a ruling is issued covering a continuing action or a series of actions and it is determined that the ruling was in error or no longer in accord with the position of the Service, the Assistant Commissioner (Technical) ordinarily will limit the retroactivity of the revocation or modification to a date not earlier than that on which the original ruling was modified or revoked.

Similarly, Section 11.08 of Rev. Proc. 2008-1 provides that if a letter ruling is issued covering a continuing action or series of actions and the letter ruling is later found to be in error or no longer in accord with the position of the Service, the appropriate Associate Chief Counsel or Division Counsel/Associate Chief Counsel ordinarily will limit the retroactive effect of the revocation or modification to a date that is not earlier than that on which the letter ruling is revoked or modified.

Based upon the information submitted and representations made by the Corporation, the Service has determined that § 7805(b) relief is appropriate in this case. Therefore, the revocation of PLR 200403095 is not effective until Date 1, a date not earlier than the date on which PLR 200403095 was revoked.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Stephen R. Larson
Associate Chief Counsel
(Financial Institutions & Products)